IN THE SPECIFICATION:

On page 3, in the fourth paragraph (under Summary of the Invention) please amend as follows:

The current invention is especially related to such virtual display systems, where diffractive grating elements are used as a part of the imaging optics in order to create an enlarged virtual image from the smaller sized real image created by an image source, herein referred to as an imager, which is typically an integrated circuit display chip. The invention is not limited only to microdisplay-based systems, but can also be used in other virtual display systems. Besides display systems, the invention may in its generic form be utilized in other types of optical systems as well, where diffractive grating elements are used for expanding the exit pupil of the optical system.

On page 5, please amend the second paragraph as follows:

Figure 3 describes schematically the basic problem in EPEs that the current invention primarily aims to solve. A prior art type grating G (corresponding DOE1 in Figs 1 and 2) with symmetrical, and in this example sinusoidal grating period profile diffracts the incoming light having input angle θ into left and right 1st diffraction orders, marked R_{-1} and R_{+1}, respectively. Here the period of the grating G has been selected in a manner that, in addition to the 0th order, diffraction takes place substantially only to left R_{-1} and right R_{+1} directions corresponding to the 1st diffraction order. It is evident for a person skilled in the art that when the input angle θ changes, the amount of light diffracted to the left and right directions along substrate S changes, i.e. the light is not divided between the directions R_{-1} and R_{+1} in an equally balanced manner.

On page 6, please amend the third paragraph as follows:

To attain these purposes, a device comprising a waveguiding substrate and a ~~the~~ diffractive grating element according to the invention comprises ~~is divided into~~ at

least two different grating regions each having different diffractive properties and arranged on opposite sides with respect to a transition point to form a splitted grating element, wherein ~~where the~~ diffractions generated by said at least two different grating regions are arranged to mutually compensate for an effect of a ~~the~~ variation in the input angle of the incident light wave at a given point of the gratings on ~~to~~ the total diffraction efficiency of the at least one diffracted light wave propagating within the ~~said~~ substrate. The detailed description below describes further some preferred embodiments of the invention.